

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 734

Introduced by Fulton, 29.

Read first time January 09, 2008

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to political subdivisions; to amend section
2 13-1622, Reissue Revised Statutes of Nebraska; to change
3 provisions relating to employee benefit plans; and to
4 repeal the original section.

5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-1622, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 13-1622 (1) Except as provided in subsection (4) of this
4 section, the plan sponsor shall obtain excess insurance which will
5 limit the plan sponsor's total claims liability for each plan year
6 to not more than one hundred twenty-five percent of the expected
7 claims liability as projected by an independent actuary or insurer.

8 (2) If the expected claims liability of the self-funded
9 portion of the employee benefit plan is exceeded, the plan sponsor
10 shall fund such additional liability by (a) allocating necessary
11 funds from the operating fund of the general fund, (b) setting up
12 an additional reserve in the operating fund of the general fund, or
13 (c) setting up the monthly accruals at a level to fund claims in
14 excess of the expected claims liability.

15 (3) An insurer shall pay claims for which it is obligated
16 under excess insurance within three months of the time the claims
17 are paid by the plan sponsor.

18 (4) A ~~city of the metropolitan class~~ plan sponsor may
19 provide an employee benefit plan without excess insurance if the
20 city plan sponsor obtains a determination from an independent
21 actuary or insurer that excess insurance is not necessary to
22 preserve the safety and soundness of the employee benefit plan.

23 Sec. 2. Original section 13-1622, Reissue Revised
24 Statutes of Nebraska, is repealed.